

Testimony on AB 603
Assembly Committee on Children & Families
February 22, 2012

Good morning Chairman Pridemore and members of the Committee. I am MaryAnn Lippert, Department of Children & Families Executive Assistant. Thank you for the opportunity to testify in support of Assembly Bill 603, sponsored by Rep. Krug, relating to the collection of delinquent child support. With me today is Connie Chesnik, DCF Attorney who specializes in child support.

In Wisconsin, the child support program operates through the cooperative efforts of federal, state and local county government. The Department of Children and Families is responsible for state administration of the program.

According to the federal Office of Child Support Enforcement, the program goals include "to ensure that children have the financial support of both their parents,and to reduce welfare costs." The child support program is designed to:

- Establish paternity;
- Establish court orders obligating parents to pay support;
- Receive and disburse payments for child support;
- Take legal and administrative actions necessary to enforce a support order;
- Find parents who are not paying support and locate their income and assets, when necessary to establish or enforce a child support order.

AB 603 proposes three modifications related to the collection of unpaid child support:

- Gives priority to unpaid child support over other state agency debt with the Department of Revenue;
- Grants the department the authority to intercept insurance settlements as a means to collect unpaid child support;
- Streamlines the enforcement of child support funds owed in other states;

Child Support Debt Collection by the Department of Revenue

Under current law, the Department of Revenue is authorized to offset (collect) state agency debt from tax refunds. DOR collects the debt in the order in which they receive the state agency requests.

This bill provides that if DOR receives debt from multiple state agencies, DOR shall collect the unpaid child support submitted by DCF first – ahead of the debt of other state agencies.

Interception of child support from insurance settlements

The federal Deficit Reduction Act of 2005 requires insurance companies to supply insurance claim information for delinquent child support payers to the federal Department of Health and Human Services (DHHS). DHHS will furnish this information to states for the purpose of intercepting these payments. This law change is required to provide DCF with the statutory authority to intercept the proceeds from insurance claims owed to individuals with child support orders in other states once notification is received from DHHS

Additionally, AB 603 requires insurers that are authorized to do business in Wisconsin to check the statewide support lien docket to determine if an individual about to receive an insurance settlement has a child support liability in the State of Wisconsin and if they do, the insurer is required to distribute the claim proceeds first to DCF up to the amount of child support owed.

Passage of this provision would significantly increase child support collections on behalf of families and the state.

Interstate enforcement of unpaid child support

Federal law requires states to honor requests from other states for seizure of assets from financial accounts. Under federal law, DCF is required to move immediately to seize assets, giving full faith and credit to the other state's certification that all due process requirements have been met in their state.

Under current law, other states must first register their order for enforcement in Wisconsin under the Uniform Interstate Family Support Act. This process delays the seizure of assets and imposes additional due process requirements in the State of Wisconsin, contrary to federal law.

Under the current process, DCF acts as an intermediary in assisting other states with the collection of unpaid child support, requiring first that the other state's order be registered in the state of Wisconsin under the Uniform Interstate Family Support Act. Following registration, DCF, acting on behalf of another state, provides a notice of lien to financial institutions in the amount of unpaid child support so that the financial institution can freeze accounts and send the funds to DCF to cover unpaid child support. DCF then remits those amounts to the requesting state.

AB 603 authorizes enforcement agencies in other states to deal with financial institutions directly when attempting to collect unpaid child support, instead of working through DCF.

Thank you for the opportunity to appear before the committee. I am available to answer questions.